

## **WHITE HOUSE CONFERENCE ON AGING POST-EVENT SUMMARY REPORT**

### **WHITE HOUSE CONFERENCE ON AGING AGENDA AREA: PLANNING ALONG THE LIFESPAN**

**Name of Event:** Seminar on Social Security: Proposed Changes and Their Impact on Women

**Date of the Event:** 05/24/2005

**Location of the Event:** The Chicago Bar Association, 321 South Plymouth Court, Chicago, Illinois

**Number of Persons Attending:** 80

**Sponsoring Organizations:** The Task Force on Issues Affecting Women as They Age of The Chicago Bar Association and Women's Bar Association of Illinois

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### **EVENT SUMMARY:**

Over 80 persons attended this two-hour event. The presentations of facts and issues regarding social security and women were provided by Anna Rappaport, an actuary and independent consultant, and Karen Holden, Professor of Consumer Science and Public Affairs at the University of Wisconsin-Madison. The presentations were followed by a period of questions and open discussion of the issues and their implications for women. The Task Force members convened after the general discussion to continue dialog with the presenters and to formulate a priority area for the 2005 White House Conference on Aging.

### **PROBLEM STATEMENT**

On August 14, 1935, under the Constitutional Authority to "promote the general welfare", President Franklin Roosevelt signed the Social Security Act into law. At

that time approximately 66 percent of Americans age 65 and older were dependent on others for at least some of their support, and 48 percent of this group had no income at all. The Social Security Act was designed to alleviate poverty and destitution by creating a social insurance system to provide a guaranteed monthly income to persons who were no longer able to work due to old age. Survivor and disability benefits were added in 1939 and 1956 respectively.

There are two large issues in regard to the reform of the Social Security System. The first is the solvency of the system in the future and the second, which gets little attention, is the reality of an economic system based on a family division of labor that results in heavy penalties for women who take time out of the labor market ***even for brief periods of time*** to meet family obligations. Current estimates peg the earnings gap between men and women at 25% (2003-US Census Bureau) but the actual figure is 44% when earnings over a lifetime are considered (Business Week, 06/14/05). The harshness of this economic penalty is felt most keenly as women become eligible for Social Security benefits, especially divorced women and widows.

Women comprise nearly 60 percent of all Social Security beneficiaries, including retirees, the disabled, and the survivors of deceased workers. Twenty-seven million women receive Social Security checks every month and 40 percent of elderly women alone including widows, divorced, and never married women have no significant income or resources other than Social Security. Women live longer than men and the current system continues to be biased toward a model of primary male wage earners in traditional nuclear families which is far less applicable to older women today and in the future than in 1935.

## **PRIORITY ISSUE #1**

**We must demand that any discussion of Social Security reform, revision or re-design address the inherent failure of this system to provide adequate benefits for older women, particularly low lifetime wage earners, widows, divorced women and displaced homemakers.**

### **Barriers:**

- The current discussions on Social Security are almost exclusively about the solvency of the system and making adjustments in regard to earnings caps, retirement ages, benefit amounts that totally ignore the family structure/women problem. These issues are present and will remain present regardless of other reforms.
- Social Security benefits are tied to paid labor force work. Women, much more so than men, are in and out of the work force to meet

family obligations. Less than 8% of men drop out of the labor force to care for children, a disabled spouse or aging parents. The figure for women is much higher and most all women will take time off from work, forgo a promotion, scale down to part time work, skip training opportunities, or select fewer job responsibilities to meet family caregiving obligations at some point in their working years. For instance, the median years of covered employment for retired workers receiving benefits at age 62 in 1998 is 38 years for men versus 29 years for women. The median earnings of full-time, full-year working men in 1998 was \$35,345 versus \$25,862 for women. (Source: ORES Working Paper Series Number 87, Reducing Poverty Among Elderly Women, Social Security Administration, 2001.)

- The system has inherent inequities in how it treats married couples, two-earner families, widows, and divorced women with similar earnings contributions. Two earner families are disadvantaged in that they effectively often do not benefit from spousal benefits.

## **Solutions:**

**We call on the WHCoA to have a special Conference section on this subject area to raise public awareness of the issues and the need for adjustments in the Social Security system to take into account the economic penalties suffered by women to meet family obligations.**

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